

Message Text

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47

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 SSO-00 L-03 AID-05

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 USIE-00

INRE-00 /057 W

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O 051619Z MAR 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 6239

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DEPT PASS AGRICULTURE FAS/CEP F.A. WOODLING

E.O. 11652: N/A

TAGS: EAGR, ETRD, PO

SUBJ: CCC CREDITS

REF: (A) STATE 30201, (B) STATE 53283

1. FOLLOWING STATEMENTS RESPOND TO REQUESTS CONTAINED

REF A:

A. EMBASSY RECOMMENDS THAT THREE-YEAR CCC CREDITS BE EXTENDED TO COVER MAXIMUM POSSIBLE AMOUNT OF GOP COMMODITY IMPORTS FROM U.S. THUS FAR GOP HAS OBTAINED ONLY ONE-YEAR CREDIT TERMS FOR SUCH PURCHASES FROM THIRD COUNTRIES, BUT IS NEGOTIATING FOR CREDITS OF UP TO THREE YEARS WITH EUROPEAN SUPPLIERS. SIZE AND TERM OF CREDITS GOP RECEIVES WILL BE DOMINANT FACTORS IN ITS DECISIONS ON VOLUME PURCHASED AND SUPPLIERS SELECTED. THIRD COUNTRY COMPETITORS INCLUDE, AMONG OTHERS, ROMANIA, SOUTH AFRICA, FRANCE, BRAZIL AND ARGENTINA. FOLLOWING IS PROJECTION OF COMMODITY IMPORTS THAT WILL BE ELIGIBLE FOR CCC FINANCING:

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PROJECTED IMPORTS DURING MARCH-SEPT. 1976

(1000 TONS)

COMMODITY	MARCH-JUNE	JULY-SEPT.
CORN	420	309
SORGHUM	140	105
WHEAT	140	41
SOYBEANS	62.2	48
TALLOW	5.27	3
RICE	60	-
COTTON	30	25

B. PORTUGUESE IMPORTS OF SELECTED COMMODITIES DURING
RECENT FISCAL YEARS

(1000 TONS)

FISCAL YEAR	COMMODITY (PERCENT)	U.S. PARTICIPATION
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CORN

72	652.2	71.4
73	619.4	79.4
74	930.8	68.7
75	1,198.9	85.0

SORGHUM

73	165.9	50.0
74	307.1	12.0
75	189.1	79.7

WHEAT

72	194.2	93.2
73	190.4	77.6
74	360.1	64.3
75	444.5	71.6

SOYBEANS

73	25.9	61.1
74	43.3	95.9
75	75.2	66.4

TALLOW

72	13.3	98.7
73	13.6	95.0
74	12.6	87.4
75	15.1	83.8

RICE

72	21.3	-
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73	5.2	-
74	43.2	-
75	20.0	2.5

COTTON - BALE

72	106.4	4.2
73	135.8	3.5
74	125.2	4.4
75	85.5	17.8

TOBACCO

72	6.0	23.3
73	6.6	20.1
74	8.0	17.4
75	9.0	13.0

C. GOP HAS FAITHFULLY FULFILLED ITS FOREIGN OBLIGATIONS. IT HAS DEMONSTRATED A KEEN APPRECIATION FOR THE NEED TO SAFEGUARD THE NATION'S FINANCIAL REPUTATION. PORTUGAL'S GOLD RESERVES, VALUED AT SLIGHTLY LESS THAN \$4 BILLION AT CURRENT MARKET PRICES, CONSTITUTE ULTIMATE GUARANTEE THAT GOP WILL CONTINUE MEETING ITS EXTERNAL COMMITMENTS. THESE RESERVES, COMBINED WITH EXTENSIVE CREDITS FROM INTERNATIONAL INSTITUTIONS AND FRIENDLY GOVERNMENTS, ARE CONSIDERED SUFFICIENT TO COVER THE NATION'S BALANCE OF PAYMENTS DEFICIT AS THE ECONOMY MOVES TOWARD EXTERNAL EQUILIBRIUM. GOP SHOULD, THEREFORE, HAVE NO SIGNIFICANT DIFFICULTY REPAYING CCC CREDITS EXTENDED TO IT.

2. EMBASSY NOT CERTAIN WHETHER \$40 MILLION CREDIT MENTIONED REF B REFERS TO ADDITIONAL, NEW CCC CREDIT LINE OR WHETHER IT COMBINES EXISTING 30 MILLION CREDIT LINE WITH A PROJECTED INCREASE. WOULD APPRECIATE CLARIFICATION. IN ANY CASE, SEVERAL PORTUGUESE BANKS WOULD WILLINGLY ISSUE NECESSARY L/C. NO INFORMATION AVAILABLE ON U.S. BANKS TO BE USED FOR SUCH TRANSACTIONS, BUT THIS SHOULD PRESENT NO PROBLEM. PORTUGUESE BANKS ALREADY AUTHORIZED CCC CREDIT LINES ARE: BANCO PORTUGUES DO ATLANTICO (\$31.6 MILLION); BANCO NACIONAL ULTRAMARINO (\$26 MILLION); BANCO ESPIRITO SANTO (\$18 MILLION); AND BANCO BORGES E IRMAO (\$8.4 MILLION).

3. GOP IS INSTRUCTING PORTUGUESE EMBASSY IN WASHINGTON TO SUBMIT FORMAL REQUEST FOR CCC CREDITS. IN ADDITION, LIMITED OFFICIAL USE

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EMBASSY TRANSMITTING BY SEPTTEL LETTER FROM MINISTER OF FINANCE SALGADO ZENHA TO THE AMBASSADOR. CARLUCCI

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NNN

Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Control Number: n/a
Copy: SINGLE
Draft Date: 05 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
Declassified/Released
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04 MAY 2006

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